

DEPARTMENT OF FINANCIAL INSTITUTIONS
MINUTES OF MEETING
SEPTEMBER 14, 2000

The Members of the Department of Financial Institutions met at 9:00 a.m., EST, at 402 West Washington Street, Room W-066, Indianapolis, Indiana, on Thursday, September 14, 2000. Members present were Norman L. Lowery, Chairman; Tony Zaleski, Ronald E. Depasse, and David D. Baer. Also present from the Department were Charles W. Phillips, Director; J. Philip Goddard, Chief Counsel, Deputy Director, Non-Depository Institutions and Secretary; James M. Cooper, Deputy Director, Depository Division; Randall L. Rowe, Bank Supervisor; Kirk J. Schreiber, Senior Bank Analyst; Gina R. Williams, Senior Bank Analyst; Mark K. Powell, Supervisor, Credit Union Division; Chris McKay, Legal Assistant and Ronda Bailey, Administrative Assistant. Representing the German American Bank was Mark Barnes with Ice Miller. Kerry Spradlin from the Indiana Bankers Association was a visitor. Members absent were Gary M. Smith, Loretta M. Burd and James L. Saner.

I. PUBLIC SESSION

- A.) Attendance
- B.) Date of next meeting: October 12, 2000 @ 9:00 a.m.
- C.) A motion was made for approval of the minutes of the meeting held August 10, 2000, by Mr. Zaleski and was seconded by Mr. Depasse. **The minutes were unanimously approved.**

DIVISION OF BANK AND TRUST COMPANIES

- 1.) **The German American Bank, Jasper, Dubois County, Indiana**
Senior Bank Analyst Gina Williams presented the application. She first introduced Mark Barnes with Ice Miller. Mr. Barnes was in attendance representing the applicant.

German American Bank, Jasper, Indiana, has filed an application with the Department for approval to merge with The Holland National Bank, Holland, Indiana. German American Bank will survive the merger and the main office and branches of Holland National Bank will become branches of German American Bank.

German American Bancorp, German American Bank, Holland Bancorp, Inc., and Holland National Bank entered into an Agreement and Plan of Reorganization whereby Holland Bancorp, Inc. will be acquired and merged with and into German American Bancorp. Immediately following that transaction, Holland National Bank will merge with and into German American Bank. At the time of the merger, German American Bank and Holland National Bank will be wholly owned subsidiaries of German American Bancorp, Jasper, Indiana.

On a pro forma basis as of March 31, 2000, the resulting bank will have total assets of \$389 million and a Tier 1 capital ratio of 8.21%. The three-year average return on assets for German American Bank is 1.61% and the three-year average return on assets for Holland National Bank is 1.08%.

IC 28-1-11-5 restricts a bank's investment in land and buildings to 50% of sound capital. Based on the pro forma information submitted in the application, German American Bank's investment in land and buildings after the merger will be approximately 45%.

Ms. Williams informed the Members that the most recent Reports of Examination for both institutions reported no serious deficiencies or concerns.

Jerome Blesch, Chairman of Holland National Bank, or another member of Holland National Bank's board of director designated by the board and approved by German American Bank, will become a member of the board of the resulting bank. Eugene Thewes, President and CEO of Holland Bancorp and the Holland National Bank will become Senior Vice President of the resulting bank.

The Federal Deposit Insurance Corporation approved the merger on September 1, 2000.

After a review of the application, Ms. Williams told the Members the staff of the Department has concluded that:

The institutions are operated in a safe, sound, and prudent manner;

The financial condition of either of the institutions will not jeopardize the financial stability of the other;

The resulting institution will not have inadequate capital, unsatisfactory management or poor earnings;

The management and other principals are qualified by character and financial responsibility to control and operate the resulting institution in a proper and legal manner; and,

The public convenience and advantage will be served by the resulting institution after the proposed transaction.

Therefore, the staff recommends approval of the merger of German American Bank and the Holland National Bank.

After a brief discussion on the Herfindahl-Hirschman Index, a motion for approval of the application was made by Mr. Baer and seconded by Mr. Zaleski. **The application was unanimously approved.**

2.) **Indiana Members Trust Company, Indianapolis, Marion County, Indiana**

Indiana Members Trust Company ("Indiana Members Trust"), Indianapolis, Marion County, Indiana, has submitted a board resolution stating the corporate fiduciary's intentions to voluntarily dissolve the corporation pursuant to IC 28-1-9. The resolution was adopted August 15, 2000. Mr. Kirk J. Schreiber, Bank Analyst presented this application. Upon submitting the resolution, the Department determined the corporation is not insolvent.

As background, Mr. Schreiber detailed that Indiana Members Trust had been formed by Indiana Members Credit Union and was approved by the Members on May 9, 1996 with the articles of incorporation filed shortly thereafter. Indiana Members Trust never became operational. The credit union has reviewed the viability of the trust company and found that the financial risks of the corporate fiduciary to the credit union outweighs the benefit to the membership.

Indiana Members Trust has submitted certified financial statements establishing that the corporation was never operational. In addition, the corporate fiduciary has submitted a liquidation plan.

The board resolution adopted by Indiana Members Trust meets the requirements of IC 28-1-9. It is recommended the resolution be approved and Indiana Members Trust be allowed to proceed with the dissolution of the corporation.

A motion for approval of the application was made by Mr. Baer and seconded by Mr. Depasse. **The application was unanimously approved.**

DIRECTOR'S COMMENTS AND REQUESTS

A.) **Centier Bank, Whiting, Lake County, Indiana**

The bank notified the Department that they closed the branch banking office that was known as the "Lowell Costas Branch" located inside the Costas food store, Lowell, Lake County, Indiana. The branch office closed on August 2, 2000, @ 5:00 p.m. **This item was for informational purposes only.**

B.) **1st Source Bank, South Bend, St. Joseph County, Indiana**

The bank notified the Department that they closed the branch banking office that was known as the "Wyatt Branch" located at 66626 State Road 331, Wyatt, St. Joseph County, Indiana. The branch office closed on August 11, 2000, @ 5:00 p.m. **This item was for informational purposes only.**

C.) Director Phillips will advise the Members of actions taken pursuant to Delegated Authority. Mr. Phillips asked for any questions or clarifications of the actions, which are as follows:

DIVISION OF BANK AND TRUST COMPANIES

1.) **SALIN BANK AND TRUST COMPANY, INDIANAPOLIS, MARION COUNTY INDIANA**

The bank has applied to the Department for approval to establish a branch banking office to be located at **110 West Main Street, Fort Wayne, Allen County, Indiana**. The application was received on July 21, 2000, and the branch is to be known as the **Salin Bank and Trust Company**. The bank is entering into a ground lease for a twenty-year term. The initial five years provide for a rental payment of \$2M per month. The lease provides for increases related to the cost of living for each of the succeeding five-year periods. At the end of the twenty-year term, the bank has the option to purchase the property. The bank will lease the ground from an independent third party. The bank is proposing to construct a 10,000 square foot, two story, full service branch office in downtown Fort Wayne. The bank intends to initially lease the second floor of the building. Cost to construct the building is estimated at \$1,750M. Furniture, fixtures, and equipment are projected at \$250M. The bank's three-year average ROA is 1.07%. As of March 31, 2000, the Tier 1 leverage capital ratio is 6.35%. The investment in total fixed assets to total capital will be 32.12% after the establishment of the branch. This will be the institution's thirty-third branch. **The Director approved this on August 11, 2000, under Delegated Authority.**

CREDIT UNION DIVISION

1.) **INDIANA MEMBERS CREDIT UNION, INDIANAPOLIS, MARION COUNTY, INDIANA**

The credit union has filed a request for approval of a Petition for Approval of a Proposed Amendment To the Articles of Incorporation. Pursuant to IC 28-7-1-10 (which allows a credit union to add one or more qualified groups to its field of membership) this amendment would place the following organizations into the field of membership of the credit union:

Owens & Minor – Indianapolis – 70 members (common bond of occupation as defined by 28-7-1-10)

Multi Modal Trucking & Services, Inc. – Whitestown – 15 members (common bond of occupation as defined by 28-7-1-10)

Circle City Pest Control – Indianapolis – 12 members (common bond of occupation as defined by 28-7-1-10)

D.J.S. – Beech Grove – 10 members (common bond of occupation as defined by 28-7-1-10)

Indiana Utility Regulatory Commission – Indianapolis – 70 members (common bond of occupation as defined by 28-7-1-10)

Southpointe Pediatrics, PC – Indianapolis – 10 members (common bond of occupation as defined by 28-7-1-10)

Fairview Fellowship Church – Greenwood – 1 member (common bond of occupation as defined by 28-7-1-10)

Wessels Company – Greenwood – 55 members (common bond of occupation as defined by 28-7-1-10)

Renal Care Group, Inc. – Indianapolis – 500 members (common bond of occupation as defined by 28-7-1-10)

AmeriTemps, Inc. – Indianapolis – 250 members (common bond of occupation as defined by 28-7-1-10)

Our Shepherd Lutheran Church & School – Indianapolis – 25 members (common bond of occupation as defined by 28-7-1-10)

Studio 2000 – Indianapolis – 16 members (common bond of occupation as defined by 28-7-1-10)

UniWorld Travel, Inc. – Indianapolis – 39 members (common bond of occupation as defined by 28-7-1-10)

Indiana NeuroRestorative Center – Indianapolis – 35 members (common bond of occupation as defined by 28-7-1-10)

The Director approved this on August 21, 2000, under Delegated Authority.

2.) **KEMBA INDIANAPOLIS CREDIT UNION, INDIANAPOLIS, MARION COUNTY, INDIANA**

The credit union has filed a request for approval of a Petition for Approval of a Proposed Amendment To the Articles of Incorporation. Pursuant to IC 28-7-1-10 (which allows a credit union to add one or more qualified groups to its field of membership) this amendment would place the following organizations into the field of membership of the credit union:

PC On Call – Cincinnati, OH – 91 members (common bond of occupation as defined by 28-7-1-10)

Beck Financial Strategies, Inc. – Indianapolis – 15 members (common bond of occupation as defined by 28-7-1-10)

The Director approved this on August 24, 2000, under Delegated Authority.

3.) **FORUM CREDIT UNION, INDIANAPOLIS, MARION COUNTY, INDIANA**

The credit union has filed a request for approval of a Petition for Approval of a Proposed Amendment To the Articles of Incorporation. Pursuant to IC 28-7-1-10 (which allows a credit union to add one or more qualified groups to its field of membership) this amendment would place the following organizations into the field of membership of the credit union:

Crowe Chizek and Company – Indianapolis – 160 members (common bond of occupation as defined by 28-7-1-10)

REI Real Estate Services/REI Real Estate Investments – Carmel – 91 members (common bond of occupation as defined by 28-7-1-10)

Baker Hill Corporation – Carmel – 88 members (common bond of occupation as defined by 28-7-1-10)

Employees of the Town of Avon – Avon – 50 members (common bond of occupation as defined by 28-7-1-10)

Teleservices Direct – Indianapolis – 500 members (common bond of occupation as defined by 28-7-1-10)

Shealey Construction Company, Inc. – Indianapolis – 8 members (common bond of occupation as defined by 28-7-1-10)

Krazy King Productions – Whiteland – 5 members (common bond of occupation as defined by 28-7-1-10)

Indianapolis Musicians, Local 3 – Indianapolis – 850 members (common bond of union membership as defined by 28-7-1-10)

PMC of Indiana, Inc. – Indianapolis – 27 members (common bond of occupation as defined by 28-7-1-10)

The Director approved this on August 24, 2000, under Delegated Authority.

4.) CENTRA CREDIT UNION, COLUMBUS, BARTHOLOMEW COUNTY, INDIANA

The credit union has filed a request for approval of a Petition for Approval of a Proposed Amendment To the Articles of Incorporation. Pursuant to IC 28-7-1-10 (which allows a credit union to add one or more qualified groups to its field of membership) this amendment would place the following organizations into the field of membership of the credit union:

Bit Wise Solutions, Inc. – Carmel – 17 members (common bond of occupation as defined by 28-7-1-10)

Excel Decorators, Inc. – Indianapolis – 48 members (common bond of occupation as defined by 28-7-1-10)

Farm Bureau Insurance – Greensburg – 10 members (common bond of occupation as defined by 28-7-1-10)

LNP Engineering Plastics, Inc. – Columbus – 115 members (common bond of occupation as defined by 28-7-1-10)

U.S. Department of Commerce – Carmel – 7 members (common bond of occupation as defined by 28-7-1-10)

Village Market, LLC – Columbus/Madison – 200 members (common bond of occupation as defined by 28-7-1-10)

The Director approved this on August 24, 2000, under Delegated Authority.

5.) CENTRA CREDIT UNION, COLUMBUS, BARTHOLOMEW COUNTY, INDIANA

The credit union has filed a request for approval of a Petition for Approval of a Proposed Amendment To the Articles of Incorporation. Pursuant to IC 28-7-1-10 (which allows a credit union to add one or more qualified groups to its field of membership) this amendment would place the following organizations into the field of membership of the credit union.

Flowers From The Woods – Columbus – 12 members (common bond of occupation as defined by 28-7-1-10)

The Director approved this on August 24, 2000, under Delegated Authority.

6.) TEACHERS CREDIT UNION, SOUTH BEND, ST. JOSEPH COUNTY, INDIANA

The credit union has filed a request for approval of a Petition for Approval of a Proposed Amendment To the Articles of Incorporation. Pursuant to IC 28-7-1-10 (which allows a

credit union to add one or more qualified groups to its field of membership) this amendment would place the following organizations into the field of membership of the credit union:

Performance Power Plus, Inc. – Culver – 1 member (common bond of occupation as defined by 28-7-1-10)

Classic Sports Lounge, Inc. – Culver – 8 members (common bond of occupation as defined by 28-7-1-10)

Raybestos Products Company – Crawfordsville – 750 members (common bond of occupation as defined by 28-7-1-10)

GCSS, Inc. – Elkhart – 2 members (common bond of occupation as defined by 28-7-1-10)

Amazing Aire Systems, Inc. – Fishers – 2 members (common bond of occupation as defined by 28-7-1-10)

Auntie Mame's Child Development Center, Inc. – Indianapolis – 55 members (common bond of occupation as defined by 28-7-1-10)

Schueth Enterprises, Inc. – Fishers – 2 members (common bond of occupation as defined by 28-7-1-10)

South Bend Lathe Corporation – South Bend – 80 members (common bond of occupation as defined by 28-7-1-10)

Simtec Security, Inc. – Indianapolis – 4 members (common bond of occupation as defined by 28-7-1-10)

Weaver Boos & Gordon, Inc. – South Bend – 4 members (common bond of occupation as defined by 28-7-1-10)

ABC Mini Storage & Warehouses, L.L.C. – South Bend – 1 member (common bond of occupation as defined by 28-7-1-10)

Blue K Security, Inc. – Indianapolis – 25 members (common bond of occupation as defined by 28-7-1-10)

The Director approved this on August 28, 2000, under Delegated Authority.

7.) GENERAL CREDIT UNION, FORT WAYNE, ALLEN COUNTY, INDIANA

The credit union has filed a request for approval of a Petition for Approval of a Proposed Amendment To the Articles of Incorporation. Pursuant to IC 28-7-1-10 (which allows a credit union to add one or more qualified groups to its field of membership) this amendment would place the following organizations into the field of membership of the credit union:

Professional Turf Management, Inc. – Fort Wayne – 7 members (common bond of occupation as defined by 28-7-1-10)

The Director approved this on September 5, 2000, under Delegated Authority.

8.) MEMBERS ADVANTAGE CREDIT UNION, MICHIGAN CITY, LAPORTE COUNTY, INDIANA

The credit union has filed a request for approval of a Petition for Approval of a Proposed Amendment To the Articles of Incorporation. Pursuant to IC 28-7-1-10 (which allows a

credit union to add one or more qualified groups to its field of membership) this amendment would place the following organizations into the field of membership of the credit union:

GAF Materials Corporation – Michigan City – 75 members (common bond of occupation as defined by 28-7-1-10)

The Director approved this on September 7, 2000, under Delegated Authority.

CONSUMER CREDIT DIVISION

- 1.) Bombardier Capital, Inc. d/b/a/ Bombardier Capital is requesting a consumer loan license. Applicant is based in Jacksonville, FL. They will be making manufactured housing loans. They will be servicing their loans. They currently operate in 35 states. Applicant is currently registered with DFI to purchase retail paper from Indiana dealers. They are applying for a loan license to give them the flexibility to make direct loans and/or refinance existing obligations. Applicant is recommended for approval. **The Director approved this on August 15, 2000, under Delegated Authority.**
- 2.) M/I Financial Corp. is requesting a consumer loan license. Applicant is based in Columbus, OH with one branch in Indianapolis. They will be making second mortgage loans. They will not be servicing their loans. Loans will be closed by title company. They currently operate in 3 states. Applicant is recommended for approval. **The Director approved this on August 15, 2000, under Delegated Authority.**
- 3.) MortgageIT, Inc. d/b/a MIT Lending is requesting a consumer loan license. Applicant is based in New York, NY. They will be making second mortgage loans. They will not be servicing their loans. Loans will be closed by title company. They currently operate in 50 states. Applicant is recommended for approval. **The Director approved this on August 15, 2000, under Delegated Authority.**
- 4.) NCS Mortgage Lending Company is requesting a consumer loan license. Applicant is based in Norcross, GA. Applicant is a wholly owned subsidiary of Centura Banks Inc., a bank holding company based in Rocky Mount, NC. They will be making second mortgage loans. They will not be servicing their loans. Loans will be closed by title company. They currently operate in 13 states. Applicant is recommended for approval. **The Director approved this on August 15, 2000, under Delegated Authority.**
- 5.) GRT Inc. d/b/a A-1 Payday Loans is requesting a check casher license. Applicant is based at Indianapolis and will have locations in Indianapolis, Fishers, and Anderson. They will be cashing all types of checks. All references were satisfactory. The fee will be 2% - 3%. Applicant has payday loan license #1397. Applicant is recommended for approval. **The Director approved this on August 15, 2000, under Delegated Authority.**
- 6.) Highland Currency Exchange, Inc. is requesting a check casher license. Applicant is based in

Highland, IN and will have a location in Highland. They will be cashing all types of checks. All references were satisfactory. The fee will be 2% - 3%. They currently operate in Illinois. Applicant is recommended for approval. **The Director approved this on August 15, 2000, under Delegated Authority.**

- 7.) Mr. Payday, Inc. is requesting a pawnbroker license. Applicant is based in Jeffersonville, IN. Pawns in Indiana will be made at Jeffersonville. Applicant has payday loan license #1373 since 3/96 and has 15 branches. An interview was held with Ken Calkins. The applicant proposes opening a pawnshop on East 10th in Jeffersonville IN at the same location he operates a payday lending operation now. The applicant stated the pawn business will deal in automobiles. Mr. Calkins is aware the vehicles must be physically maintained and that holding the title only will not suffice. Mr. Calkins is negotiating to lease a warehouse in Charlestown IN for storage of the vehicles. This location is approximately 7 miles from the pawnshop location. The legal maximum charges for pawns were discussed with the applicant and he appeared to understand what might be charged. The applicant seemed sincere in wanting to operate the pawn business within the parameters of Indiana statutes. Applicant is recommended for approval. **The Director approved this on August 15, 2000, under Delegated Authority.**
- 8.) Servimex, Inc. is requesting a money transmitter license. Applicant is based in Miami Lakes, FL and will arrange for agents after licensing is complete. They will make wire transfers to Mexico. They currently operate in four states. Applicant has met all of the financial requirements under the Act. Applicant is recommended for approval. **The Director approved this on August 15, 2000, under Delegated Authority.**
- 9.) Old United Casualty Company is requesting approval as third party administrator for a Guaranteed Auto Protection (GAP) Program. Applicant is based in Merriam, KS. There is a 30-day free-look, customer deductible is covered up to \$500, refund upon prepayment based on Rule of 78ths, voluntary, no right of subrogation against the customer. They currently operate in seven states. There is a contractual liability policy issued by Old United Casualty Company. The initial dealer requesting approval is Kenny Kent Motors. All future dealers will agree to abide by the same terms as those approved. Approval is subject to review at a future date as deemed necessary by the Department. It is recommended that the program be approved as submitted and subject to the above conditions. This is provided for under IC 24-4.5-2-202 (1)(c). **The Director approved this on August 15, 2000, under Delegated Authority.**
- 10.) Norman and Company is requesting approval as third party administrator for a Guaranteed Auto Protection (GAP) Program. Applicant is based in Clearwater, FL. There is a 60-day free-look, customer deductible is covered up to \$1000, refund upon prepayment based on Rule of 78ths, voluntary, no right of subrogation against the customer. They currently operate in 12 states. There is a contractual liability policy issued by Balboa Insurance. The initial dealer requesting approval is Jerry Alderman Ford. All future dealers will agree to abide by the same terms as those approved. Approval is subject to review at a future date as deemed necessary by the Department. It is recommended that the program be approved as

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submitted and subject to the above conditions. This is provided for under IC 24-4.5-2-202 (1)(c). The Director approved this on August 15, 2000, under Delegated Authority.

There being no further business to come before the Members, a motion to adjourn the meeting was made by Mr. Depasse and seconded by Mr. Zaleski. **The motion was unanimously approved.**

APPROVED:

ATTEST:

Norman L. Lowery, Chairman

J. Philip Goddard, Secretary